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Real Estate Economists, Appraisers and Counselors

HOW MUCH ARE VACANT THEATERS WORTH?

THE stark, vacant, and grotesque 30 front feet in neighborhoods across the land are a reminder of the decline of the neighborhood theater. From the standpoint of real estate these are problem properties. In 1952 we pointed out that the value of theaters in this country was \$2,740,000,000. Today the property value of theaters is estimated to be only \$2,560,000,000.

The decline in average weekly attendance from 80 million people in 1946 to 41.8 million in 1958 has brought about this fall in property value, as can be seen by comparing the following table showing the decline in the number of conventional theaters with the decline in property value of \$180 million. The theaters that are closing, as a rule, are the little ones.

Number of Conventional Theaters

1947	18,059	1953	14,174
1948	17,575	1954	15,039
1949	17,367	1955	14,613
1950	16,904	1956	14,509
1951	16,150	1957	13,425
1952	15,347	1958	11,300

The decline of 4,047 theaters from 1952 to 1958 averaged \$44,477 in value. These small theaters are mostly sub-run theaters and are the hardest hit by the competition with TV. After all, we can now watch "B" pictures every night at home without paying for babysitters and contending with parking problems. Good pictures, however, have continued to draw very well.

The decline in the number of conventional theaters has been accompanied by an increase in drive-in theaters and art theaters. The drive-in, of course, is successful because the kids can be dumped into the back seat, and, therefore, no babysitters are required. There is neither a parking problem nor do people have to dress up. However, many small conventional theaters have become art theaters. These theaters, showing foreign films either full or part time, have increased in number from 100 before World War II to 4,000 today. For the most part they seat 500 or less. Thus, their operating costs are less, while the film rental is lower on foreign films than on Hollywood films. There are two reasons for this. The imports are put together at less cost, and the rent is a percentage of box office receipts rather than a flat fee.

What is happening to the theaters which have not managed to stay open? In the table opposite, 171 theaters have been converted to new uses from 461 that have closed (estimated by reduction in the number of theater licenses in the 57 cities). This means about 37 percent of the closed theaters have been converted to new uses. Comments from many cities are further evidence that old theaters make the best parking lots.

Bethlehem, Pa. - "One theater closed was temporarily a Revival Center and now that has moved out."

Canton, Ohio - "One building torn down and made into a parking lot, one remodeled and made into a new theater, one still vacant."

Denver, Colo. - "Parking lots."

Fort Worth, Texas - "At the present time there are one drive-in theater and three indoor theaters which open Friday, Saturday, and Sunday nights."

Fresno, Calif. - "Four indoor theaters remodeled in varying stages 1955-1958 to accommodate wide-screen, cinemascope, stereo-sound, and other technical projection developments."

Grand Rapids, Mich. - "One theater used as a church, two as roller rinks, one as a dance hall, and several are standing unoccupied."

Greenville, S. C. - "Parking lot."

Houston, Texas - "Two are night clubs."

Minneapolis, Minn. - "Our lower loop area is being redeveloped and several buildings have been demolished to make way for the progress; they are not included in the number shown above as 'converted to another use.'"

Oakland, Calif. - "These 14 theaters have gone out of business within the past 10 years."

Peoria, Ill. - "Four have closed; however, still for rent."

Providence, R. I. - "One of the above 10 (theaters open) closed during summer months."

Rock Island, Ill. - "One building demolished - now a parking lot - and one remodeled into an apartment building. One completely destroyed by fire."

St. Paul, Minn. - "One demolished for construction of a parking ramp. One demolished for an open air parking lot."

Wichita, Kans. - "Three converted, one razed, and one vacant."

Worcester, Mass. - "Four theaters closed. Buildings not in use for any other purpose. One theater now being used as a used car dealer location. One theater demolished for expressway location. At present there are only six theaters functioning in the city of Worcester, Massachusetts. One of this number closed for the summer months. Date of reopening is unknown."

Indoor Motion Picture Theaters in 57 Cities

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City	Number of Indoor Theater Licenses Issued													Approximate No. of Theaters Converted to New Use Since 1952
	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959		
Akron, Ohio	32	33	33	30	26	14	15	16	16	15	15	14	0	
Allentown, Pa.	-	-	-	-	13	12	10	9	9	8	8	7	5	
Ashland, Ky.	-	-	4	4	4	2	2	2	2	2	2	2	0	
Bethlehem, Pa.	6	6	6	6	6	5	5	5	5	5	5	4	0	
Birmingham, Ala.	-	-	32	32	-	-	-	18	16	14	11	11	NR	
Bridgeport, Conn.	20	21	20	20	20	17	17	17	16	14	13	13	NR	
Buffalo, N. Y.	62	62	61	57	56	52	-	-	-	-	-	35	10	
Canton, Ohio	9	9	9	9	9	8	8	7	7	6	6	6	1	
Charlotte, N. C.	16	16	16	16	16	11	11	9	9	9	8	7	4	
Chattanooga, Tenn.	-	-	-	-	18	16	14	12	11	10	8	8	2	
Dallas, Texas	50	54	58	64	64	-	-	-	50	46	41	39	11	
Dayton, Ohio	30	30	30	29	-	27	27	26	27	25	22	21	5	
Denver, Colo.	30	-	-	-	37	28	28	27	23	23	23	23	5	
Des Moines, Iowa	21	21	21	21	21	15	14	12	11	9	8	8	6	
Duluth, Minn.*	9	12	12	10	10	11	10	5	6	9	3	4	NR	
El Paso, Texas	10	10	10	9	9	11	11	11	11	12	11	11	1	
Fort Worth, Texas	22	22	22	25	25	29	28	26	26	23	23	23	5	
Fresno, Calif.	11	13	13	13	13	15	14	13	13	13	13	13	2	
Grand Rapids, Mich.	23	23	22	21	-	20	20	18	19	17	17	15	8	
Greensboro, N. C.	6	-	-	-	9	8	8	8	7	7	7	7	1	
Greenville, S. C.	7	9	8	9	9	6	6	6	6	6	6	6	1	
Hazleton, Pa.	-	-	-	-	5	5	5	4	4	4	5	3	1	
Houston, Texas	43	43	43	50	50	34	34	34	34	34	34	34	3	
Johnstown, Pa.	13	13	13	13	12	10	10	9	8	8	8	8	2	
Kansas City, Mo.	-	-	-	-	-	-	-	45	42	36	33	30	NR	
Lancaster, Pa.	6	6	7	7	7	7	6	6	6	6	6	6	1	
Little Rock, Ark.	11	13	13	13	13	13	13	13	9	8	7	7	6	
Minneapolis, Minn.	67	67	62	58	-	47	51	45	42	45	34	34	17	
Mobile, Ala.	15	15	15	15	15	15	13	13	11	12	11	11	3	
Moline, Ill.	5	5	5	5	5	-	-	-	-	-	-	2	NR	
New York, N. Y.	500	498	489	457	-	566	653	525	536	519	487	389	NR	
Oakland, Calif.	34	34	34	34	34	-	-	-	-	-	-	19	14	
Peoria, Ill.	-	-	-	-	10	-	-	9	9	6	5	5	0	
Phoenix, Ariz.	12	12	12	12	10	7	7	7	7	7	7	8	3	
Port Arthur, Texas	-	-	-	-	-	5	5	4	4	4	4	4	3	
Portland, Oreg.	53	51	52	51	54	-	-	-	-	37	37	37	10	
Providence, R. I.	17	17	17	17	14	12	12	11	11	11	10	10	2	
Rock Island, Ill.	5	-	-	5	-	-	-	-	-	4	3	-	2	
St. Louis, Mo.	92	92	85	71	70	-	-	-	-	-	-	43	15	
St. Paul, Minn.	34	34	34	34	31	27	24	26	27	22	26	-	2	
St. Petersburg, Fla.	11	11	11	12	12	14	11	10	10	10	10	10	1	
Salt Lake City, Utah	17	18	20	20	20	14	14	14	14	14	15	15	1	
San Bernardino, Calif.	-	-	-	-	-	6	6	6	6	6	6	6	1	
San Francisco, Calif.	80	80	80	80	80	-	-	80	80	73	71	71	NR	
San Jose, Calif.	10	11	12	13	13	11	11	11	11	11	11	10	1	
Schenectady, N. Y.	12	12	11	9	9	9	8	7	7	6	6	6	3	
Seattle, Wash.	-	-	-	-	-	39	38	37	36	37	33	33	NR	
Stockton, Calif.	12	13	13	12	11	12	10	10	8	10	9	8	3	
Superior, Wis.	6	6	6	6	6	4	3	3	3	3	2	2	2	
Syracuse, N. Y.	25	25	25	23	23	18	16	17	16	17	15	14	2	
Tacoma, Wash.	16	17	18	18	17	16	17	17	16	15	14	13	0	
Trenton, N. J.	18	18	18	18	16	12	12	12	12	12	12	12	NR	
Washington, D. C.	68	71	71	69	69	-	-	-	-	-	51	53	NR	
Wheeling, W. Va.	15	14	14	14	14	14	11	12	10	10	9	5	2	
Wichita, Kans.*	18	19	19	19	20	24	24	24	21	20	20	19	3	
Worcester, Mass.	11	11	11	11	11	10	8	8	8	8	8	6	1	
York, Pa.	7	7	7	7	7	5	5	5	5	5	5	5	0	

*Indoor and outdoor.

NR - No response.

Of the 35 theaters in St. Louis that have closed since 1952, about 15 have been converted to new uses. Nine theaters have closed in St. Louis County, and eight of these have been converted to new uses. The 23 theaters which have been converted are now being used as follows:

Theater Conversion in the St. Louis Area

<u>New Use</u>	<u>Number</u>
Church	7
Wholesale distributor	2
Supermarket	2
Stage plays	1
Torn down for parking lot . .	6
Warehouse	1
Auto repair.	1
Library	1
Bowling alley	1
Retail men's store	1
	<u>23</u>

Two theaters which are still open are open only on Saturdays, Sundays, and holidays. Four theaters were torn down for urban renewal and expressways.

One point of interest is the number of theaters converted to churches. Characteristically these are revival churches and apparently are not permanent occupants. Our study shows that five of the 17 theaters for rent, for sale and/or vacant were formerly revival churches. In 1952 we found three theaters converted to new uses out of 20 that had been closed since 1948. Today these three theaters have been reconverted to other uses.

<u>Old Use</u>	<u>New Use</u>
Remodeled for contractor and storage	Wholesale distributor
Auction house	TV repair shop
Legitimate theater	Church

Why aren't theaters convertible to new uses? Neighborhood theaters are often poorly located for retail outlets. The ones in small business districts are often more valuable as parking lots, scarce in the older neighborhood shopping districts. Theaters are single-purpose buildings which require a great deal of remodeling to be converted to new uses. The retail stores and auto repair shop required extensive remodeling and complete demolition in one case. One use is storage for wholesalers and others. The zoning laws, however, will generally prevent conversion to this use because most theaters are located in strip commercial or residential areas.

The refusal to recognize that the past is past, that a particular expensive building has no value and should be removed, increases the loss to its owners.

